Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Text

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PAGE 01 STATE 108881
ORIGIN EUR-12

INFO OCT-01 NEA-10 ISO-00 EB-08 SIG-03 AID-05 CIAE-00
COME-00 FRB-03 INR-10 NSAE-00 ICA-11 TRSE-00
XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 IO-13
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DRAFTED BY EUR/SE:EJMARCOTT:CSR
APPROVED BY EUR/SE:RCEWING
EB:TFORBORD
----------095239 281839Z /50
P R 281809Z APR 78
FM SECSTATE WASHDC
TO AMEMBASSY ANKARA PRIORITY
INFO AMEMBASSY ATHENS
AMCONSUL ISTANBUL
AMEMBASSY JIDDA
AMEMBASSY BONN
AMEMBASSY PARIS
AMEMBASSY KUWAIT

C O N F I D E N T I A L STATE 108881

E.O. 11652: GDS

TAGS: EAID, EFIN, TU

SUBJECT: IBRD-TURKEY RELATIONSHIP

1. DEPTOFFS CALLED ON IBRD VP MUNIR BENJENK, WHO WAS IN TURKEY WITH IBRD PRESIDENT MCNAMARA, TO GET HIS VIEWS ON IBRD-TURKEY RELATIONSHIPS.

2. BENJENK SAID THREE MAJOR AREAS WERE DISCUSSED WITH THE TURKS: (A) THE DOLS 700 MILLION IN UNDISBURSED FUNDS FROM APPROVED IBRD LOANS; (B) TURKEY'S FEELING THAT IT WAS NOT RECEIVING AN APPROPRIATE AMOUNT OF IBRD PROJECT FUNDS, AND
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PAGE 02 STATE 108881

(C) A TURKISH REQUEST FOR A PROGRAM LOAN FOR IMPORTS OF RAW MATERIALS AND INDUSTRIAL INPUTS.

3. THE TWO SIDES AGREED TO REVIEW ALL LOANS WITH UNDIS-BURSED FUNDS TO IDENTIFY THE CAUSES OF THE DELAY IN DIS-BURSEMENT AND SEEK SOLUTIONS. THE BANK PARTICULARLY STRESSED THE IMPORTANCE OF THIS, IF FURTHER LOANS ARE TO BE

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JUSTIFIED. THE BANK AGREETHAT TURKEY SHOULD BE ABLE TO USE MORE LOANS BASED ON SPOPULATION AND GNP, BUT CITED THE ABSORPTIVE CAPACITY, PARTICULARLY THE PROBLEM OF UNDISBURSED FUNDS. IT AGREED TO ACTIVELY SEEK MORE PROJECTS FOR TURKEY.

4. THE TURKS, CITING AN INDUSTRIAL CAPACITY UTILIZATION RATE OF 52-54 PERCENT, AND A SHORTAGE OF FERTILIZER, REQUESTED A DOLS 200 MILLION LOAN TO FINANCE RAW MATERIAL AND INTERMEDIATE GOODS IMPORTS. THE BANK FEELS THAT THE EXCEPTIONAL CIRCUMSTANCES CLAUSE IN ITS ARTICLES OF AGREEMENT IS APPLICABLE TO TURKISH CIRCUMSTANCES, AND AGREED TO REVIEW THE TURKISH REQUEST, BUT STRESSED THAT ANY SUCH LOAN WOULD BE CONDITIONED UPON TURKEY'S ADOPTING A SOUND DEVELOPMENT PLAN AND UPON THE PROCEEDS BEING COMMITTED TO EXPORT-ORIENTED INDUSTRIES. IN ANY EVENT, THE BANK INDICATED TO THE TURKS THAT NO MORE THAN DOLS 100 MILLION WOULD BE AVAILABLE IN THIS WAY AND PROBABLY NOT BEFORE THE END OF THIS YEAR. FURTHER TECHNICAL DISCUSSIONS ARE CONTINUING.

5. BENJENK INDICATED THAT THE IBRD, IN GENERAL AND IN THE CONTEXT OF THE SPECIAL LOAN MENTIONED ABOVE, WOULD BE CAREFULLY WATCHING THE DEVELOPMENT OF TURKEY'S FIVE YEAR PLAN (DUE IN SEPTEMBER-OCTOBER 1978). HE SAID A COMPLETE SHIFT IN DEVELOPMENT STRATEGY WAS NECESSARY. HE WAS CONFIDENTIAL

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PAGE 03 STATE 108881

HOPEFUL THAT THE CURRENT GOVERNMENT, UNLIKE ITS PREDECESSOR WOULD ALLOW THE STATE PLANNING OFFICE TO DO SERIOUS WORK IN THIS REGARD.

6. BENJENK SAID IBRD IS BASICALLY READY TO RESUME LENDING TO TURKEY. IN A LONGER TERM PERSPECTIVE, BENJENK INDICATED IBRD PRESIDENT MCNAMARA HAS TRIED TO GET ARAB STATES INTERESTED IN TURKEY, AND THAT THEY ARE RECEPTIVE. ON APRIL 13 AT IBRD SUGGESTION, THE TURKISH FINANCE MINISTER SENT A LETTER TO THE KUWAITI AND SAUDI FINANCE MINISTERS TO INITIATE DISCUSSIONS. IBRD IS ALSO INTERESTED IN WORKING WITH PRIVATE BANKS, AND WOULD BE WILLING TO TAKE THE LONGER MATURITY PORTIONS OF CO-FINANCED PROJECTS. BENJENK SEES TURKEY'S REAL PROBLEM AS THE NEXT FIVE YEARS AND IS CONCERNED ABOUT THE TURKISH ECONOMIC MANAGEMENT CAPABILITY WITH SO FEW COMPETENT STAFF TO DO SO MUCH, INCLUDING THE FIVE YEAR PLAN. VANCE

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PAGE 01 STATE 108881
ORIGIN EUR-12

INFO OCT-01 ISO-00 /013 R

66011
DRAFTED BY:EUR/SE:MCLISSFELT:LB
APPROVED BY:EUR/SE:RCEWING
----------023637 050610Z /10
R 050210Z MAY 78
FM SECSTATE WASHDC
INFO RUFLEPA/AMCONSUL ADANA 1781
AMCONSUL ISTANBUL
AMCONSUL IZMIR

C O N F I D E N T I A L STATE 108881

FOLLOWING REPEAT STATE 108881 SENT ACTION ANKARA INFO ATHENS ISTANBUL JIDDA BONN PARIS KUWAIT APR 28.
QUOTE C O N F I D E N T I A L STATE 108881

E.O. 11652: GDS

TAGS: EAID, EFIN, TU

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CONFIDENTIAL

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PAGE 02 STATE 108881

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN RELATIONS, REPORTS, DEVELOPMENT BANKS, RELATIONS WITH INTERNATIONAL ORGS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
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Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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To: ANKARA
Type: TE
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20 Mar 2014
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